

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): Stephen L. Raucher [SBN 162795] Hana S. Kim [SBN 313178] REUBEN RAUCHER & BLUM 12400 Wilshire Boulevard, Suite 800 Los Angeles, California 90025 TELEPHONE NO.: (310) 777-1990 FAX NO. (Optional): (310) 777-1989 E-MAIL ADDRESS (Optional): sraucher@rrbattorneys.com ATTORNEY FOR (Name): Hill RHF Housing Partners, LP and Olive RHF Housing		FOR COURT USE ONLY <div style="text-align: center;"> FILED Superior Court of California County of Los Angeles AUG 01 2017 </div>	
SUPERIOR COURT OF CALIFORNIA, COUNTY OF Los Angeles STREET ADDRESS: 111 N. Hill Street MAILING ADDRESS: 111 N. Hill Street CITY AND ZIP CODE: Los Angeles, CA 90012 BRANCH NAME: Central District		Sherri A. Carter, Executive Officer/Clerk By: <i>[Signature]</i> , Deputy CARMEN DEL RIO	
PLAINTIFF/PETITIONER: Hill RHF Housing Partners, L.P. and Olive RHF Housing Partners, L.P. DEFENDANT/RESPONDENT: City of Los Angeles, et al.		CASE NUMBER: BS170127 JUDICIAL OFFICER: James C. Chalfant	
NOTICE OF RELATED CASE		DEPT.: 85	

Identify, in chronological order according to date of filing, all cases related to the case referenced above.

1. a. Title: Mesa RHF Partners, L.P. v. City of Los Angeles, et al.
- b. Case number: BS170352
- c. Court: ☒ same as above
☐ other state or federal court (name and address):
- d. Department: 82
- e. Case type: ☐ limited civil ☒ unlimited civil ☐ probate ☐ family law ☐ other (specify):
- f. Filing date: July 26, 2017
- g. Has this case been designated or determined as "complex?" ☐ Yes ☒ No
- h. Relationship of this case to the case referenced above (check all that apply):
 - ☐ involves the same parties and is based on the same or similar claims.
 - ☒ arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
 - ☐ involves claims against, title to, possession of, or damages to the same property.
 - ☒ is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
 - ☒ Additional explanation is attached in attachment 1h
- i. Status of case:
 - ☒ pending
 - ☐ dismissed ☐ with ☐ without prejudice
 - ☐ disposed of by judgment

2. a. Title:
- b. Case number:
- c. Court: ☐ same as above
☐ other state or federal court (name and address):
- d. Department:

PLAINTIFF/PETITIONER: Hill RHF Housing Partners, L.P. and Olive RHF Housing Partners, L.P. DEFENDANT/RESPONDENT: City of Los Angeles, et al.	CASE NUMBER: BS170127
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2. (continued)

e. Case type: ☐ limited civil ☐ unlimited civil ☐ probate ☐ family law ☐ other (specify):

f. Filing date:

g. Has this case been designated or determined as "complex?" ☐ Yes ☐ No

h. Relationship of this case to the case referenced above (check all that apply):

- ☐ involves the same parties and is based on the same or similar claims.
- ☐ arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
- ☐ involves claims against, title to, possession of, or damages to the same property.
- ☐ is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
- ☐ Additional explanation is attached in attachment 2h

i. Status of case:

- ☐ pending
- ☐ dismissed ☐ with ☐ without prejudice
- ☐ disposed of by judgment

3. a. Title:

b. Case number:

c. Court: ☐ same as above
☐ other state or federal court (name and address):

d. Department:

e. Case type: ☐ limited civil ☐ unlimited civil ☐ probate ☐ family law ☐ other (specify):

f. Filing date:

g. Has this case been designated or determined as "complex?" ☐ Yes ☐ No

h. Relationship of this case to the case referenced above (check all that apply):

- ☐ involves the same parties and is based on the same or similar claims.
- ☐ arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
- ☐ involves claims against, title to, possession of, or damages to the same property.
- ☐ is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
- ☐ Additional explanation is attached in attachment 3h

i. Status of case:

- ☐ pending
- ☐ dismissed ☐ with ☐ without prejudice
- ☐ disposed of by judgment

4. ☐ Additional related cases are described in Attachment 4. Number of pages attached: _____

Date: July 31, 2017

Stephen L. Raucher

(TYPE OR PRINT NAME OF PARTY OR ATTORNEY)


 (SIGNATURE OF PARTY OR ATTORNEY)

8/1/2017 10:12:00 AM

SHORT TITLE: Hill RHF Housing Partners, L.P. et al. v. City of Los
Angeles, et al.

CASE NUMBER:
BS170127

ATTACHMENT (Number): 1h

(This Attachment may be used with any Judicial Council form.)

Case Nos. BS170127 and BS170352 both pertain to defendant special assessment districts, respectively the Downtown Center Business Improvement District and the San Pedro Historic Waterfront Property and Business Improvement District, in the City of Los Angeles, which is also a defendant in both cases.

The Petitioners/Plaintiffs in both cases, Hill RHF Housing Partners, L.P., and Olive RHF Housing Partners, L.P. in BS170127, and Mesa RHF Partners, L.P. in BS170352, are affiliates of Retirement Housing Foundation, a nonprofit provider of housing and services for low-income seniors. As such, the subject properties in both cases, operated by Retirement Housing Foundation, provide nonprofit housing and services to low-income seniors.

Both cases, BS170127 and BS170352, will require judicial interpretation and determination of settlement agreements between the respective Petitioners/Plaintiffs and the City of Los Angeles, which contain substantially identical terms to effectuate an arrangement by which Petitioners/Plaintiffs receive reimbursement payments from the City of Los Angeles for any special assessment payments paid to their respective special assessment districts.

Both complaints for Case Nos. BS170127 and BS170352 allege the same five causes of action. Not only do both complaints seek declaratory relief as to the continuing effectiveness of substantially identical settlement agreements, both also seek to enforce the requirements of Article XIII D of the California Constitution and the California Streets and Highways Code. Although the cases will require analysis of two separate Engineer's Reports from the two assessment districts, the law on which determination of the issues in both cases relies is the same.

A true and correct copy of the Complaint/Petition in Case No. BS170127 is attached as Exhibit A (without Exhibits). A true and correct copy of the Complaint/Petition in Case No. BS170352 is attached as Exhibit B (without Exhibits).

(If the item that this Attachment concerns is made under penalty of perjury, all statements in this Attachment are made under penalty of perjury.)

Page 1 of 1

(Add pages as required)

08/08/2018

PLAINTIFF/PETITIONER: Hill RHF Housing Partners, L.P. and Olive RHF Housing Partners, L.P. DEFENDANT/RESPONDENT: City of Los Angeles, et al.	CASE NUMBER: BS170127
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**PROOF OF SERVICE BY FIRST-CLASS MAIL
NOTICE OF RELATED CASE**

(NOTE: You cannot serve the Notice of Related Case if you are a party in the action. The person who served the notice must complete this proof of service. The notice must be served on all known parties in each related action or proceeding.)

1. I am at least 18 years old and **not a party to this action**. I am a resident of or employed in the county where the mailing took place, and my residence or business address is (specify):
 12400 Wilshire Boulevard, Suite 800
 Los Angeles, CA 90025

2. I served a copy of the *Notice of Related Case* by enclosing it in a sealed envelope with first-class postage fully prepaid and (check one):

a. ☐ deposited the sealed envelope with the United States Postal Service.

b. ☒ placed the sealed envelope for collection and processing for mailing, following this business's usual practices, with which I am readily familiar. On the same day correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service.

3. The *Notice of Related Case* was mailed:

a. on (date): August 1, 2017

b. from (city and state): Los Angeles, CA

4. The envelope was addressed and mailed as follows:

a. Name of person served: City of Los Angeles
 Attn: Corline Peters
 Street address: 200 N. Spring Street, Room 360
 City: Los Angeles
 State and zip code: CA 90012

c. Name of person served: Downtown Center Business
 Improvement District; Attn Michael Filson
 Street address: 626 Wilshire Blvd., #200
 City: Los Angeles
 State and zip code: CA 90017

b. Name of person served: Downtown Center Business
 Improvement District Management Corporation
 Street address: 626 Wilshire Blvd., #200
 City: Los Angeles
 State and zip code: CA 90017

d. Name of person served:
 Street address:
 City:
 State and zip code:

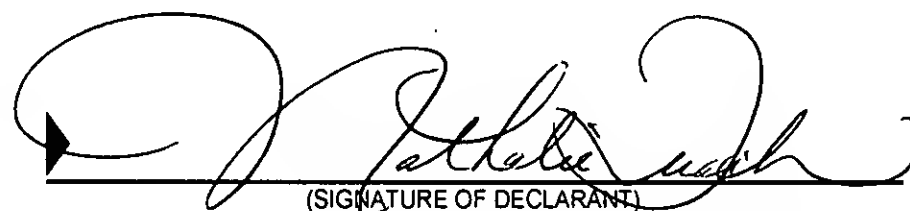
☐ Names and addresses of additional persons served are attached. (You may use form POS-030(P).)

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: August 1, 2017

Nathalie Quach

(TYPE OR PRINT NAME OF DECLARANT)


 (SIGNATURE OF DECLARANT)

08/08/200708/2017

1 Timothy D. Reuben [State Bar #94312]
2 Stephen L. Raucher [State Bar #162795]
3 Hana S. Kim [State Bar #313178]
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CONFIRMED COPY
ORIGINAL FILED
Superior Court of California
County of Los Angeles

JUL 03 2017

Shawn R. Carter, Executive Officer/Clerk
By: Moriella Robinson, Deputy

6 Attorneys for Plaintiffs Hill RHF Housing Partners, L.P.
7 and Olive RHF Housing Partners, L.P.

8
9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
10 **FOR THE COUNTY OF LOS ANGELES**

11 HILL RHF HOUSING PARTNERS, L.P., a
12 California limited partnership; OLIVE RHF
13 HOUSING PARTNERS, L.P., a California limited
partnership,

14 Petitioners/Plaintiffs,

15 vs.

16 CITY OF LOS ANGELES; DOWNTOWN
17 CENTER BUSINESS IMPROVEMENT
18 DISTRICT, a special assessment district in the
19 City of Los Angeles; DOWNTOWN CENTER
20 BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT CORPORATION, a California
nonprofit corporation; and DOES 1 through 10,
inclusive,

21 Respondents/Defendants.

CASE NO.

BS170127

PETITION FOR PEREMPTORY
WRIT OF MANDATE AND
COMPLAINT FOR DECLARATORY
AND INJUNCTIVE RELIEF

Dept. 85

22 Plaintiffs and Petitioners allege as follows:

23 **The Parties**

24 1. Plaintiff/Petitioner Hill RHF Housing Partners, L.P. ("Hill LP") is now, and has
25 been at all times relevant to this action, a California limited partnership with its principal place of
26 business in Los Angeles, California. Hill LP is a non-profit provider of housing and services to
27 low-income seniors. Hill LP is the owner of real property located at 255 S. Hill Street, Los
28 Angeles, California, which is referred to as "Angelus Plaza" and is within the boundaries of the

PETITION & COMPLAINT

EXHIBIT A

08/08/2017 08:00:00

1 Downtown Center Business Improvement District.

2 2. Plaintiff/Petitioner Hill Olive Housing Partners, L.P. ("Olive LP") is now, and has
3 been at all times relevant to this action, a California limited partnership with its principal place of
4 business in Los Angeles, California. Olive LP is a non-profit provider of housing and services to
5 low-income seniors. Olive LP is the owner of real property located at 200 S. Olive Street, Los
6 Angeles, California, which is referred to as "Angelus Plaza North" and is within the boundaries
7 of the Downtown Center Business Improvement District.

8 3. Both Angelus Plaza and Angelus Plaza North are among the properties operated
9 by Retirement Housing Foundation ("RHF"), one of the nation's largest non-profit providers of
10 housing and services for low-income seniors. As such, Angelus Plaza and Angelus Plaza North
11 are exempt from property taxes and several other types of taxes, fees, and assessments.

12 4. Defendant/Respondent the City of Los Angeles ("the City") is a "local agency" as
13 defined by Streets and Highways Code §22530, a "local government" as defined by subdivision
14 (b) of Section 1 of Article XIII C of the California Constitution, and an "agency" as defined by
15 subdivision (a) of Section 2 of Article XIII D of the California Constitution. The City is a public
16 agency required to comply with the applicable provisions of the law of the State of California,
17 including the Constitution of the State of California and the Streets and Highways Code.

18 5. Defendant/Respondent the Downtown Center Business Improvement District
19 ("DCBID" or "the District") is a special assessment district in the City of Los Angeles.

20 6. Defendant/Respondent the Downtown Center Business Improvement District
21 Management Corporation ("the DCBID Management Corporation") is a California nonprofit
22 corporation.

23 7. The true names and capacities of Defendants/Respondents Does 1 through 10,
24 inclusive, are unknown to Plaintiffs/Petitioners, and Plaintiffs/Petitioners therefore sue these
25 Defendants/Respondents by their fictitious names and capacities. Plaintiffs/Petitioners will
26 amend this Petition and Complaint to allege these Defendants'/Respondents' true names and
27 capacities when ascertained.

28 8. Plaintiffs/Petitioners are informed and believe that at all times relevant to this

1 Petition and Complaint, Defendants/Respondents the City, DCBID, the DCBID Management
2 Corporation, and Does 1 through 10, inclusive, (collectively, "Defendants") were the agents,
3 affiliates, subsidiaries, employees, co-conspirators, and/or alter egos of one or some of the
4 remaining Defendants, and were at all times acting within the purpose and scope of such agency
5 and employment, and each Defendant has ratified and approved the acts of its agent.

6 9. Venue is proper in this Court because the City, DCBID, and the DCBID
7 Management Corporation are located in Los Angeles County, where the actions complained of
8 occurred and will occur, and the primary business location for each.

9 **Angelus Plaza and Angelus Plaza North**

10 10. Both Angelus Plaza and Angelus Plaza North are located within an R5-4D Zone,
11 which permits multiple-family residential development based on a density of one dwelling per
12 200 square feet of lot area and allows for uses permitted within an R4 Zone. The R5 Zone
13 permits uses including, but not limited to, hotels, motels, hospitals, and skilled nursing care
14 housing. The R4 Zone permits uses including, but not limited to, churches, schools, and
15 museums.

16 11. Together, Angelus Plaza and Angelus Plaza North, which are comprised of five
17 high-rise towers, make up the largest affordable housing community for seniors in the United
18 States. Angelus Plaza and Angelus Plaza North are home to approximately 1,300 low-income
19 elderly residents (average age of 82) who meet affordability requirements established by the
20 United States Department of Housing and Urban Development.

21 12. Angelus Plaza and Angelus Plaza North offer a variety of programs and services
22 to their residents, including, but not limited to, assisted living, health care services, beauty
23 services, and educational services. These services are designed to promote among the senior
24 residents the importance of ongoing education, a healthy and active lifestyle, multi-cultural
25 sharing, and intergenerational involvement. The properties also provide meeting rooms, a dining
26 room, a meals-on-wheels site, a library, a classroom, an activity room, and a 250-seat
27 auditorium.

28 13. Pursuant to a Regulatory Agreement and Declaration of Restrictive Covenants

1 dated October 1, 2008, use of Angeles Plaza is restricted as a "qualified residential rental
2 property." Angelus Plaza North is restricted in the same manner pursuant to a Regulatory
3 Agreement and Declaration of Restrictive Covenants dated October 1, 2008.

4 **DCBID's 2013 Establishment**

5 14. In 2012, Plaintiffs opposed the establishment of DCBID for a five-year term
6 commencing on January 1, 2013 and expiring on December 31, 2017, and demanded that
7 Angelus Plaza and Angelus Plaza North be exempted from any and all DCBID assessments as
8 qualified residential rental properties, owned by non-profit providers of low-income senior
9 housing and services.

10 15. When the City informed Plaintiffs that it would not exempt either Angelus Plaza
11 or Angelus Plaza North from any assessments, Plaintiffs filed a lawsuit on July 18, 2012, Los
12 Angeles Superior Court Case No. BS138416, challenging DCBID and DCBID's assessments
13 both generally and as applied to Plaintiffs.

14 16. To settle Case No. BS138416, Plaintiffs and the City entered into a settlement
15 agreement in February 2013 ("Settlement Agreement"), arranging a method by which Plaintiffs
16 are reimbursed for any assessment amount paid to DCBID "for so long as the Plaintiffs remain
17 the owners of these properties, and DCBID continues in its current formulation." The Settlement
18 Agreement is attached hereto as Exhibit A and incorporated by reference.

19 17. Plaintiffs have since received reimbursement checks from the City, pursuant to
20 the Settlement Agreement.

21 **DCBID's 2018 Renewal and Exhaustion of Administrative Remedies**

22 18. In a letter dated January 1, 2017, attached hereto as Exhibit B and incorporated by
23 reference, DCBID requested Plaintiffs to sign and submit a Petition to Renew DCBID in light of
24 DCBID's "fourth five-year term" expiring on December 31, 2017.

25 19. In 2017, Plaintiffs received a Notice of Public Hearing ("the Notice") with a
26 mailing date of April 18, 2017. The Notice provided that the public hearing, to determine
27 whether to establish DCBID for a new term and levy assessments, would take place on Tuesday,
28 June 6, 2017. Included with the Notice was a summary of the Management District Plan, an

08/08/2017 08:20:17

1 assessment ballot, and a summary of the procedures for completion, return, and tabulation of the
2 assessment ballots. The Notice instructed that completed ballots be received by the City Clerk
3 prior to the close of the public hearing and provided that the City Clerk would tabulate the
4 ballots at the conclusion of the public hearing. The Notice is attached hereto as Exhibit C and
5 incorporated by reference.

6 20. Plaintiffs submitted ballots opposing the establishment of DCBID, which term is
7 to be 10 years, commencing on January 1, 2018 and expiring on December 31, 2027. The
8 opposing ballots are attached hereto as Exhibit D and incorporated by reference.

9 21. The ballot tabulation results were announced on June 7, 2017, in favor of
10 establishing DCBID, and the City Council adopted Ordinance No. 185006 ("the Ordinance") to
11 establish DCBID and to levy an annual assessment on each property within the District. The
12 Ordinance adopted, approved, and confirmed the Management District Plan and the Engineer's
13 Report included in Council File No. 15-0241, both dated March 2017. The Ordinance, attached
14 hereto as Exhibit E and incorporated by reference, was approved by the Mayor of Los Angeles
15 on June 13, 2017.

16 22. In an email dated May 8, 2017, attached hereto as part of the chain attached as
17 Exhibit F and incorporated by reference, Plaintiffs inquired as to the City's position as to
18 whether the Settlement Agreement would continue to remain in effect or whether the City would
19 be willing to enter into a new and similar agreement.

20 23. In an email dated May 22, 2017, attached hereto as part of the chain attached as
21 Exhibit F and incorporated by reference, the City provided, "We are still looking this over. It
22 appears that the management plan has substantial changes and so the settlement agreement
23 would not apply, but we are still looking into the matter. I should know in a week or so."

24 24. In an email dated June 26, 2017, attached hereto as part of the chain attached as
25 Exhibit F and incorporated by reference, Plaintiffs again requested that the City either confirm
26 the continued effectiveness of the Settlement Agreement or enter into a new agreement.

27 25. In an email dated June 27, 2017, attached hereto as part of the chain attached as
28 Exhibit F and incorporated by reference, the City provided as follows: "The new BID uses a

1 different methodology, and so we don't believe it's using the same formulation as before. If
2 your client wishes to contest the assessments it will have to file suit."

3 26. Plaintiffs have exhausted all administrative remedies to avoid being subject to
4 DCBID assessments.

5 **The Engineer's Report and the Management District Plan**

6 27. The Engineer's Report ("The Engineer's Report" or "the Report"), attached
7 hereto as Exhibit G and incorporated by reference, provides as follows:

8 a. DCBID's categories of services for District properties, found in Section B,
9 include: (1) the Safe Team Program, which will provide security services; (2) the Clean Program,
10 which will provide cleaning services; and (3) various economic development and marketing
11 programs "to communicate the changes that are taking place" in the District and "to enhance the
12 positive perception of the District;"

13 b. Each category of services is intended to provide special benefit to assessed
14 parcels in the form of increased commercial activity and lease rates, among other varying
15 economic benefits. Additionally, under the first two categories of services, the Engineer's
16 Report provides that "Residential and mixed-use residential parcels benefit from District
17 programs that provide an enhanced sense of safety, cleanliness and positive user experience
18 which in turn enhances the business climate and improves the business offering and attracts new
19 residents, businesses and District investment." The Engineer's Report provides similar language
20 under the third category of services by providing that residential and mixed-use residential
21 parcels will benefit from "an increased awareness of District amenities such as retail and transit
22 options which in turn enhances the business climate and improves the business offering and
23 attracts new residents, businesses and District investment;"

24 c. Angelus Plaza and Angelus Plaza North, which provide low-income
25 housing to seniors, are not specifically addressed by the Report. However, Angelus Plaza and
26 Angelus Plaza North do not enjoy the same ability as other private residential properties to lease
27 units at market value. Thus, increases in lease rates or commercial activity will not benefit
28 Angelus Plaza and Angelus Plaza North in the same quantity or manner as they will benefit other

1 parcels, if at all;

2 d. In addition to the aforementioned categories of services, management of
3 those services will be provided. The cost of management is factored into DCBID's 2018
4 operating budget in Section F, but the Engineer's Report fails to separate and quantify the special
5 benefits from the general benefits to be conferred from these management services. Thus,
6 District properties will be unlawfully assessed for the general benefits stemming from the
7 management services;

8 e. The boundaries of DCBID, found in Section C, will remain the same as
9 the District's boundaries currently existing, roughly Olympic Boulevard to the south, the 110
10 Freeway to the west, 1st Street to the north, and Los Angeles Street to the east;

11 f. Section D asserts that District properties will each be assessed based on
12 the "parcel's unique characteristics in relation to all other specially benefitted parcels'
13 characteristics." The assessment method is based on "Assessable Square Footage," which is
14 defined as "the total gross building square footage and/or when applicable, land square footage,
15 plus applicable, assessable parking square footage for each parcel." The single "unique
16 characteristic" that the assessment method takes into account per parcel is the parcel's square
17 footage, without regard to the type of property being assessed. Thus, the Engineer's Report fails
18 to take into account the particular use of a parcel (e.g., residential versus retail use) in calculating
19 the assessment amount;

20 g. In separating and quantifying special benefits from general benefits in
21 Section E, the Engineer's Report relies on the California State Legislature's January 1, 2015
22 amendments to the California Streets and Highways Code, including but not limited to those
23 contained in Sections 36615.5, 36609.5, 36601(h)(2), and 36601(e);

24 h. The general benefit analysis in Section E provides three different types of
25 general benefit: the general benefit received by (1) the parcels inside of the District (which the
26 Engineer's Report concludes receive zero general benefit); (2) the parcels outside of the District,
27 but which are immediately adjacent to the District and not within the boundaries of another
28 adjacent business improvement district (which the Engineer's Report claims there are only 13

such parcels); and (3) the public at large, which the Engineer's Report defines in DCBID's case as "those people that are within the PBID boundary that do not pay an assessment and do not specially benefit from the PBID activities;"

i. To account for the potential benefit that parcels outside of the District may receive, the Engineer's Report applies a "Relative Benefit Factor," defined as "a basic unit of measure that compares the benefit that parcels within the District receive compared to parcels outside of the District." Rather than provide information as to how Relative Benefit Factors are determined, the Engineer's Report bases its proffered Relative Benefit Factors solely on the "experience" of the engineer credited with drafting the Engineer's Report. Thus, the Report fails to provide a quantification method that is based on solid, credible evidence;

j. The maximum assessment operating budget of the DCBID for the calendar year 2018 is a total of \$6,757,968.13, which may be increased up to five percent per year; and

k. Based on the operating budget and the assessable square footage in the District, the Engineer's Report also includes an "Assessment Roll" in Section H, providing the amounts apportioned to each individual District parcel for the Fiscal Year of 2017 to 2018.

28. The Management District Plan, attached hereto as Exhibit H and incorporated by reference, mirrors the contentions of the Engineer's Report and provides DCBID's governance, procedure, and rules. Although not mentioned in the Engineer's Report, the Management District Plan provides that the "Treatment of Residential Housing" will be as follows:

In accordance with Section 36632(c) of the California Streets and Highways Code, properties zoned solely for residential or agriculture use are conclusively presumed not to receive a special benefit from the improvements and service provided through the assessments of the District and are not subject to any assessment pursuant to Section 36632(c). Therefore, properties zoned solely for residential or agricultural use within the boundaries of the district, if any, will not be assessed. The District does not contain any parcels that are zoned solely for residential use.

29. The Management District Plan shows that DCBID includes the heart of the downtown Los Angeles commercial district, including several high-rise office buildings occupied by some of the nation's largest accounting firms, law firms, real estate and development companies, banks, investment companies, and other large corporations or

1 commercial enterprises. In addition, DCBID includes the Staples Center, LA Live, the Los
2 Angeles Convention Center, and several other large commercial centers. The vast majority of
3 these are for-profit enterprises. The office buildings in downtown Los Angeles are owned by
4 some of the largest real estate and business enterprises in the country.

5 30. An actual controversy exists between Plaintiffs and Defendants as to whether
6 DCBID, its assessments, and the January 1, 2015 amendments to the California Streets and
7 Highways Code on which DCBID relies, both in general and as to Plaintiffs, are valid and
8 comport with the applicable provisions of the Constitution of the State of California and the
9 Streets & Highways Code. Plaintiffs contend that Defendants are attempting to assess and
10 collect a property tax, which has not been approved by two-thirds of the electorate in conformity
11 with the California Constitution.

12 31. As a non-profit provider of housing and services to low-income seniors, all funds
13 that are not assessed by DCBID will increase the total amount of funds available to Plaintiffs
14 with which to provide services to the low-income senior residents of Angelus Plaza and Angelus
15 Plaza North and to provide low-income housing to seniors.

16 32. The requirements of the Constitution of the State of California and the Streets &
17 Highways Code, which the instant Complaint seeks to enforce, constitute important rights
18 affecting the public interest as defined under Code of Civil Procedure §1021.5.

19 **FIRST CAUSE OF ACTION**

20 **Violation of the Requirement to Separate and Quantify Specific and General Benefits**

21 **(California Constitution, Article XIII D)**

22 **(Against All Defendants)**

23 33. Plaintiffs hereby repeat and reallege Paragraphs 1 through 32 of this Complaint as
24 though set forth in full at this point.

25 34. Section 4(a) of Article XIII D of the California Constitution provides, "Only
26 special benefits are assessable, and an agency shall separate the general benefits from the special
27 benefits conferred on a parcel." Article XIII D Section 2(i) defines "special benefit" as a
28 "particular and distinct benefit over and above general benefits conferred on real property

1 located in the district or to the public at large.” Under this definition, both the public at large and
2 the assessed District properties themselves may receive general benefits distinct from the special
3 benefits conferred.

4 35. Under Article XIII D Section 2(i), general enhancements of property value are
5 conclusively deemed not to constitute a special benefit.

6 36. In providing a “Legislative and Judicial Review” in Section A, the Engineer’s
7 Report cites three Court of Appeal cases pertaining to assessment districts’ compliance with
8 Article XIII D but fails to mention the seminal California Supreme Court case, *Silicon Valley*
9 *Taxpayers’ Assn., Inc. v. Santa Clara County Open Space Authority*, 44 Cal.4th 431 (2008),
10 which found that the benefit of enhanced economic conditions was not a special benefit, but
11 rather a general benefit because all people in the district would broadly, generally, and directly
12 benefit – and that as a result, all properties would receive a derivative, indirect benefit. The
13 *Silicon Valley* Court further instructed that quality-of-life benefits to people living in, working in,
14 and patronizing businesses in the district would benefit property in the district derivatively as
15 general benefits. *Id.* at 454.

16 37. Although purporting to separate the special benefits from general benefits to be
17 conferred from DCBID’s improvements and services, the Engineer’s Report as finally confirmed
18 fails to fulfill the City’s constitutional obligations.

19 38. The Engineer’s Report does not adequately demonstrate that the assessed
20 properties will receive a special benefit because rather than relying on the California Supreme
21 Court’s constitutional interpretation of what constitutes a special benefit, the Report relies on the
22 following recent amendments to the California Streets and Highways Code, which contradict and
23 attempt to circumvent Article XIII D and the Supreme Court’s findings:

24 a. Section 36615.5 of the Streets and Highways Code defines special benefit
25 as follows: “‘Special benefit’ means, for purposes of a property-based district, a particular and
26 distinct benefit over and above general benefits conferred on real property located in a district or
27 to the public at large . . . [and] includes incidental or collateral effects that arise from the
28 improvements, maintenance, or activities of property-based districts even if those incidental or

1 collateral effects benefit property or persons not assessed.” Section 36615.5 unconstitutionally
2 and incorrectly categorizes incidental or collateral benefits which are general as special.
3 Reliance thereon results in a failure to separate special benefits from general benefits. In relying
4 on Section 36615.5, DCBID fails to separate special benefits from general benefits as required
5 by the California Constitution;

6 b. Section 36601(h)(2) of the Streets and Highways Code states: “Activities
7 undertaken for the purpose of conferring special benefits upon property to be assessed inherently
8 produce incidental or collateral effects that benefit property or persons not assessed. Therefore,
9 for special benefits to exist as a separate and distinct category from general benefits, the
10 incidental or collateral effects of those special benefits are inherently part of those special
11 benefits. The mere fact that special benefits produce incidental or collateral effects that benefit
12 property or persons not assessed does not convert any portion of those special benefits or their
13 incidental or collateral effects into general benefits.” Section 36601(h)(2) unconstitutionally and
14 incorrectly categorizes incidental or collateral benefits which are general as special. Reliance
15 thereon results in a failure to separate special benefits from general benefits. In relying on
16 Section 36601(h)(2), DCBID fails to separate special benefits from general benefits as required
17 by the California Constitution; and

18 c. Section 36601(e) of the Streets and Highways Code states: “Property and
19 business improvement districts formed throughout this state have conferred special benefits upon
20 properties and businesses within their districts and have made those properties and businesses
21 more useful by providing the following benefits: (1) Crime reduction[;] (2) Job creation[;] (3)
22 Business attraction[;] (4) Business retention[;] (5); Economic growth[; and] (6) New
23 investments.” Section 36601(e) unconstitutionally and incorrectly categorizes incidental or
24 collateral benefits which are general as special. Reliance thereon results in a failure to separate
25 special benefits from general benefits. In relying on Section 36601(e), DCBID fails to separate
26 special benefits from general benefits as required by the California Constitution.

27 39. Defendants are in violation of the constitutional requirement to separate and
28 quantify special benefits from general benefits because despite the Engineer’s Report’s

1 conclusions to the contrary, the various economic development and marketing services do not
2 confer a "special benefit" onto District properties for the following reasons:

3 a. The benefits that the Engineer's Report describes in connection with the
4 economic development and marketing services constitute quality-of-life and economic
5 enhancement benefits which are not "special benefits;"

6 b. The Engineer's Report improperly assumes that an increase in publicity
7 will affect people and property equally;

8 c. The marketing and economic development programs will benefit the
9 public at large, benefiting all people broadly and generally, within or not within the District, and
10 as a consequence, derivatively and indirectly benefit the District properties. Thus, in failing to
11 recognize that the marketing and economic development programs will produce general benefits
12 to be enjoyed by the public at large, DCBID fails to separate the special benefits from the general
13 benefits; and

14 d. The Engineer's Report fails to take into account the fact that residential
15 and mixed-use residential properties will benefit less from marketing and economic development
16 services than will the more commercial properties. In failing to distinguish between the natures
17 and uses of the different parcels and in using the same assessment method based on square
18 footage on all of the parcels, DCBID's assessments are not properly limited to the proportional
19 special benefits conferred.

20 40. Prior to approving and adopting DCBID, the City was aware that both Angelus
21 Plaza and Angelus Plaza North were restricted from being put toward anything other than
22 residential use. In particular, the City had restricted the properties to be used exclusively for
23 rental housing for low-income seniors. The Engineer's Report ignores this fundamental
24 distinction, and measures special benefit to Angelus Plaza and Angelus Plaza North by square
25 footage. Thus, based solely on their respective square footage, Angelus Plaza and Angelus Plaza
26 North will assume more of the burden of the assessment than a ground-level eatery or restaurant,
27 which would have far more to gain from marketing and economic development projects than
28 would a low-income senior housing complex.

41. Although DCBID's assessments will include a certain amount to fund the management staff that will oversee the District's services, the Report fails to provide a benefit character analysis of the management services. For this reason, and the other foregoing reasons, the Report violates the requirement that special benefits and general benefits be separated and quantified.

42. Plaintiffs are entitled to a Writ of Mandate commanding that Defendants modify DCBID to exempt Angelus Plaza and Angelus Plaza North from any and all DCBID assessments on the ground that Defendants failed to comply with Section 4(a) of Article XIII D of the California Constitution when forming DCBID because Defendants failed to separate special benefits from general benefits.

43. Alternatively, Plaintiffs are entitled to a Declaration that DCBID is invalid as to Plaintiffs because Defendants failed to comply with Section 4(a) of Article XIII D of the California Constitution when forming DCBID.

44. Plaintiffs are entitled to a Declaration that DCBID is invalid in its entirety because Defendants failed to comply with Section 4(a) of Article XIII D of the California Constitution when forming DCBID because Defendants failed to separate special benefits from general benefits.

45. Plaintiffs are entitled to an order enjoining Defendants from collecting assessments, fees, and/or special taxes associated with DCBID from Plaintiffs, or, alternatively, any property owner to be assessed under DCBID, on the ground that Defendants failed to comply with Section 4(a) of Article XIII D of the California Constitution when forming DCBID because it failed to separate special benefits from general benefits.

46. Plaintiffs are entitled to attorney's fees pursuant to Code of Civil Procedure §1021.5 because the requirements of Article XIII D of the California Constitution, which the instant Complaint seeks to enforce, constitute important rights affecting the public interest under Code of Civil Procedure §1021.5.

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1 **SECOND CAUSE OF ACTION**

2 **Violation of Requirement to Assess Proportionally to the Special Benefit Conferred**

3 **(California Constitution, Article XIII D)**

4 **(Against All Defendants)**

5 47. Plaintiffs hereby repeat and reallege Paragraphs 1 through 46 of this Complaint as
6 though set forth in full at this point.

7 48. Section 4(a) of Article XIII D of the California Constitution also provides, "No
8 assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional
9 special benefit conferred on that parcel."

10 49. In relying on unconstitutional January 1, 2015 amendments to the Streets and
11 Highways Code, the Engineer's Report incorrectly defines "general benefit" and provides a
12 flawed general benefit analysis to support its contention that each District property will only be
13 assessed an amount proportional to the special benefits conferred to that property.

14 50. The Engineer's Report distinguishes between three different types of general
15 benefit in Section E, by way of defining "general benefit," resulting in a violation of the
16 requirement that assessments be based on the proportional special benefit conferred:

17 a. *The general benefit received by the parcels inside of the District.* The
18 Engineer's Report faultily concludes that parcels inside of the District will not receive any
19 general benefit because "100% of the benefits conferred on these parcels are distinct and special
20 in nature." The Engineer's Report, therefore, relies on the flawed reasoning that because the
21 assessed parcels will receive the special benefits, they will therefore not receive a general
22 benefit. However, District properties can receive general benefits and will receive general
23 benefits from the District's services. Thus, DCBID's assessments fail to take into account the
24 general benefit received by District properties from the cleaning, security, marketing and
25 economic development, and management services, and therefore exceed the proportional special
26 benefit conferred.

27 b. *The general benefit received by the parcels outside of the District.* The
28 Engineer's Report limits this analysis to those parcels which are immediately adjacent to the

1 District and not within the boundaries of another adjacent business improvement district. The
2 Engineer's Report concludes that there are only 13 such parcels. The Engineer's Report again
3 relies on flawed logic, reasoning that if a parcel outside of DCBID belongs to another assessment
4 district, then it cannot receive a general benefit from DCBID's services. This general benefit
5 analysis is unreliable and fails to comply with Article XIII D because it assumes that, whether or
6 not the outside parcel actually receives a special benefit from the other district and whether or
7 not the services of the other district are the same as those provided by DCBID, the outside
8 parcels which are not the 13 parcels identified do not receive a general benefit. The Report thus
9 fails to properly account for the general benefit received by outside parcels, not one of the 13
10 identified, and therefore the assessments exceed the proportional special benefit conferred.

11 c. *The general benefit received by the public at large.* The Engineer's
12 Report defines "public at large" as follows: "[T]hose people that are either in the PBID boundary
13 and not specially benefitted from the activities, or people outside of the PBID boundary that may
14 benefit from the PBID activities. In the case of the Downtown Center PBID, the public at large
15 are those people that are within the PBID boundary that do not pay an assessment and do not
16 specially benefit from the PBID activities." The Engineer's Report limits the definition of public
17 at large in a manner that results in a flawed general benefit analysis, which in turn violates the
18 constitutionally mandated requirement that assessments be limited to the proportional special
19 benefit conferred. Additionally, the proportionality requirement is not met because the Report
20 incorrectly concludes that the marketing and economic development services do not confer
21 general benefit to the public at large.

22 51. DCBID fails to rely on solid, credible evidence in quantifying special benefits
23 from general benefits. The Engineer's Report provides an assessment method which relies on a
24 "Relative Benefit Factor," but fails to explain how this numerical factor is determined apart from
25 the writing engineer's "experience." Thus, the Relative Benefit Factors are speculative at best
26 and specious at worst.

27 52. The City's failure to recognize and account for the general benefits accruing from
28 DCBID's services violates Section 4(a) of Article XIII D of the California Constitution because

1 it results in the value of general benefits, rather than only special benefits, being improperly
2 assessed to parcels within the district.

3 53. Plaintiffs are entitled to a Writ of Mandate commanding that Defendants modify
4 DCBID to exempt Angelus Plaza and Angelus Plaza North from any and all DCBID assessments
5 on the ground that the City failed to comply with Section 4(a) of Article XIII D of the California
6 Constitution when forming DCBID because DCBID's assessments are not proportional to the
7 special benefit conferred.

8 54. Alternatively, Plaintiffs are entitled to a Declaration that DCBID is invalid as to
9 Plaintiffs because Defendants failed to comply with Section 4(a) of Article XIII D of the
10 California Constitution when forming DCBID.

11 55. Plaintiffs are entitled to a Declaration that DCBID is invalid in its entirety
12 because Defendants failed to comply with Section 4(a) of Article XIII D of the California
13 Constitution when forming DCBID because DCBID's assessments are not proportional to the
14 special benefit conferred.

15 56. Plaintiffs are entitled to an order enjoining Defendants from collecting
16 assessments, fees, and/or special taxes associated with DCBID from Plaintiffs, or, alternatively,
17 any property owner to be assessed under DCBID, on the ground that Defendants failed to comply
18 with Section 4(a) of Article XIII D of the California Constitution when establishing DCBID and
19 levying assessments which are not proportional to the special benefit conferred.

20 57. Plaintiffs are entitled to attorney's fees pursuant to Code of Civil Procedure
21 §1021.5 because the requirements of Article XIII D of the California Constitution, which the
22 instant Complaint seeks to enforce, constitute important rights affecting the public interest under
23 Code of Civil Procedure §1021.5.

24 **THIRD CAUSE OF ACTION**

25 **Violation of the Requirement to Levy Assessments Based on Benefit to Property**

26 **(Streets and Highways Code §36632)**

27 **(Against All Defendants)**

28 58. Plaintiffs hereby repeat and reallege Paragraphs 1 through 57 of this Complaint as

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1 though set forth in full at this point.

2 59. Under California Streets and Highways Code §36632(a), "the assessments levied
3 on real property pursuant to this part shall be levied on the basis of the estimated benefit to the
4 real property within the property and business improvement district."

5 60. Under California Streets and Highways Code §36632(a), "properties zoned solely
6 for residential use [] are conclusively presumed not to benefit from the improvements and
7 services funded through these assessments, and shall not be subject to any assessment pursuant
8 to this part."

9 61. DCBID, as approved and adopted by the City, fails to levy assessments based on
10 the estimated benefit of the services of DCBID to Angelus Plaza and/or Angelus Plaza North.

11 62. Prior to approving and adopting DCBID, the City was aware that both Angelus
12 Plaza and Angelus Plaza North were restricted by the City from being put toward anything other
13 than residential use. In particular, the City had restricted the properties to be used exclusively for
14 rental housing for low-income seniors.

15 63. The Engineer's Report fails to provide how DCBID's improvements and services
16 will confer special benefit to properties which are restricted in use as rental housing for low-
17 income seniors. In fact, these issues were never even analyzed by the City. Thus Defendants fail
18 to limit the assessments to proportional special benefit.

19 64. As to Angelus Plaza and Angelus Plaza North, Defendants failed to comply with
20 the requirement of Streets and Highways Code §36632(a) to levy assessment based on the
21 estimated benefit that these properties would receive from DCBID services and improvements.

22 65. Plaintiffs are entitled to a Writ of Mandate commanding that Defendants modify
23 DCBID to exempt Angelus Plaza and Angelus Plaza North from any and all DCBID assessments
24 on the ground that Defendants failed to comply with the requirements of Streets and Highways
25 Code §36632(a) to levy assessments against Angelus Plaza and Angelus Plaza North based on
26 the estimated benefit that these residential properties would receive from DCBID services and
27 improvements.

28 66. Plaintiffs are entitled to a Declaration that Defendants failed to comply with the

1 requirements of Streets and Highways Code §36632(a) to levy assessments against Angelus
2 Plaza and Angelus Plaza North based on the estimated benefit that these residential properties
3 would receive from DCBID services and improvements.

4 67. Plaintiffs are entitled to an order enjoining Defendants from collecting
5 assessments, fees, and/or special taxes associated with DCBID from Plaintiffs, or any other
6 property owner to be assessed under DCBID, on the ground that Defendants failed to comply
7 with the requirements of Streets and Highways Code §36632(a) to levy assessments against
8 Angelus Plaza and Angelus Plaza North based on the estimated benefit that these residential
9 properties would receive from DCBID services and improvements.

10 68. Plaintiffs are entitled to attorney's fees pursuant to Code of Civil Procedure
11 §1021.5 because the requirements of Article XIII D of the California Constitution and the Streets
12 and Highways Code, which the instant Complaint seeks to enforce, constitute important rights
13 affecting the public interest under Code of Civil Procedure §1021.5

14 **FOURTH CAUSE OF ACTION**

15 **Declaratory Relief re Enforceability of Settlement Agreement**

16 **(Against the City of Los Angeles)**

17 69. Plaintiffs hereby repeat and reallege Paragraphs 1 through 68 of this Complaint as
18 though set forth in full at this point.

19 70. In order to settle Case No. BS138416 in 2012, Plaintiffs and the City entered into
20 an agreement in February 2012, the Settlement Agreement, in which Plaintiffs agreed to pay
21 DCBID assessments and the City agreed to reimburse Plaintiffs for those payments. Paragraph 5
22 of the Settlement Agreement provides as follows:

23 In order to resolve the matters raised and described in the Litigation, the City will
24 undertake to make the Plaintiffs whole for those assessments made by the DCBID
25 against the properties owned by Plaintiffs at the time of the formation of the
26 DCBID, as described in the Petition. For so long as the Plaintiffs remain the
27 owners of these properties, and the DCBID continues in its current formulation,
the City will remit to Plaintiffs an amount sufficient to satisfy the amounts paid by
Plaintiffs to the DCBID as part of assessments set forth in the Engineer's Report
and Management Plan.

28 71. Plaintiffs remain the owners of the properties subject to the Settlement

1 Agreement, DCBID is continuing "in its current formulation," and the Settlement Agreement is
2 enforceable against the City.

3 72. DCBID is continuing in its current formulation because the boundaries of the
4 renewed DCBID (which term is to commence on January 1, 2018 and expire on December 31,
5 2027) mirror the boundaries of the expiring DCBID (which term was from January 1, 2013 to
6 December 31, 2017).

7 73. DCBID is continuing in its current formulation because the services provided by
8 the renewed DCBID mirror the services of the expiring DCBID. A substantial portion of the
9 language used in the March 2017 Engineer's Report describing the DCBID's services remains
10 unchanged from the language used in the January 2012 Engineer's Report which Plaintiffs
11 challenged in 2012.

12 74. On Plaintiffs' information and belief, the DCBID Management Corporation has
13 administered DCBID since it was originally established, overseeing expenditures, and managing
14 and implementing the District's improvements and activities.

15 75. On Plaintiffs' information and belief, the DCBID Management Corporation will
16 continue to administer, oversee, implement, and manage DCBID and DCBID's services. In
17 other words, the administration of DCBID remains unchanged by the renewal.

18 76. Streets and Highways Code Section 36622(h) restricts new assessment districts to
19 a maximum term of five years and Sections 36622(h) and 36660 restrict *renewed* assessment
20 districts to a maximum term of ten years. Despite undertaking a renewal for a new term, DCBID
21 is continuing in its current formulation.

22 77. The City has advised that it will not continue to comply with the terms of the
23 Settlement Agreement because the renewed DCBID "uses a different methodology . . . we don't
24 believe it's using the same formulation as before." The expiring DCBID's methodology,
25 according to the 2012 Engineer's Report, also subject to Article XIII D, was based entirely on
26 "assessable square footage," mirroring the assessable square footage methodology provided in
27 the March 2017 Engineer's Report.

28 78. Accordingly, an actual controversy exists as to the proper interpretation of the

1 Settlement Agreement.

2 79. Plaintiffs are entitled to a Declaration that the Settlement Agreement continues in
3 effect and is enforceable against the City.

4 80. Plaintiffs are entitled to reasonable attorney's fees and costs incurred to enforce
5 the Settlement Agreement, pursuant to Civil Code §1717, because the Settlement Agreement
6 contains an Attorney's Fees provision, which provides that "[t]he prevailing party in any
7 proceedings arising under this Agreement shall be entitled to recover its attorney's fees and
8 costs."

9 **FIFTH CAUSE OF ACTION**

10 **Failure to Recognize Tax Exempt Non-Profit Status**

11 **(Revenue & Taxation Code § 214, 26 U.S.C. § 501)**

12 **(Against All Defendants)**

13 81. Plaintiffs hereby repeat and reallege Paragraphs 1 through 80 of this Complaint as
14 though set forth in full at this point.

15 82. As qualifying charitable non-profit organizations under Revenue & Taxation
16 Code §214 and 26 U.S.C. §501, Plaintiffs are exempt from property taxes and certain fees and
17 assessments.

18 83. Plaintiffs are actually using Angelus Plaza and Angelus Plaza North in a manner
19 consistent with their status as charitable non-profit entities providing housing and services to
20 low-income seniors.

21 84. Despite Plaintiffs' tax exempt status, the City has adopted DCBID, which seeks to
22 assess, levy and collect property taxes, assessments, and other taxes and fees against Plaintiffs in
23 violation of their tax exempt status.

24 85. Plaintiffs are entitled to a Writ of Mandate commanding Defendants to modify
25 DCBID to exempt Angelus Plaza and Angelus Plaza North from any and all DCBID taxes, fees,
26 or assessments due to Plaintiffs' tax exempt status.

27 86. Plaintiffs are entitled to a Declaration that Angelus Plaza and Angelus Plaza
28 North are exempt from any and all DCBID taxes, fees, or assessments due to Plaintiffs' tax

1 exempt status.

2 87. Plaintiffs are entitled to an order enjoining Defendants from collecting
3 assessments, fees, and/or special taxes associated with DCBID from Plaintiffs because Angelus
4 Plaza and Angelus Plaza North are exempt from any and all DCBID taxes, fees, or assessments
5 due to Plaintiffs' tax exempt status.

6 88. Plaintiffs are entitled to attorney's fees pursuant to Code of Civil Procedure
7 §1021.5 because recognition of Plaintiffs' tax exempt status under Revenue & Taxation Code
8 §214 and 26 U.S.C. §501, which the instant Complaint seeks to enforce, constitutes an important
9 right affecting the public interest under Code of Civil Procedure §1021.5.

10 WHEREFORE, Plaintiffs pray judgment against Defendants as follows:

11 1. For issuance of a peremptory writ of mandate pursuant to Code of Civil Procedure
12 §1085 commanding the Defendants, and each of them, to exempt Angelus Plaza and Angelus
13 Plaza North from any and all assessments, fees, and/or special taxes associated with DCBID
14 because Defendants failed to comply with the applicable provisions of the Constitution of the
15 State of California and/or the Streets and Highways Code and/or failed to recognize Plaintiffs'
16 tax exempt non-profit status;

17 2. Alternatively, for a declaration that DCBID is invalid as to Angelus Plaza and
18 Angelus Plaza North because Defendants failed to comply with the applicable provisions of the
19 Constitution of the State of California and/or the Streets and Highways Code, and/or failed to
20 recognize Plaintiffs' tax exempt non-profit status;

21 3. For a declaration that DCBID is invalid in its entirety because Defendants failed
22 to comply with the applicable provisions of the Constitution of the State of California and/or the
23 Streets and Highways Code and/or failed to recognize the non-profit status of property owners;

24 4. For a declaration that the Settlement Agreement entered into by and between the
25 City and Plaintiffs in February 2013 continues in effect and is enforceable against the City;

26 5. For an Order enjoining Defendants from collecting assessments, fees, and/or
27 special taxes associated with DCBID, from spending proceeds from those assessments and
28 special taxes, and from making use of the proceeds of the assessments and special taxes except to

1 refund those proceeds to property owners with interest because Defendants failed to comply with
2 the applicable provisions of the Constitution of the State of California and/or the Streets and
3 Highways Code and/or failed to recognize Plaintiffs' tax exempt non-profit status;

4 6. For costs of suit;

5 7. For attorney's fees pursuant to Code of Civil Procedure §1021.5;

6 8. For attorney's fees and costs pursuant to Civil Code §1717; and

7 9. For such other relief as the court may deem proper.

8
9 DATED: July 3, 2017

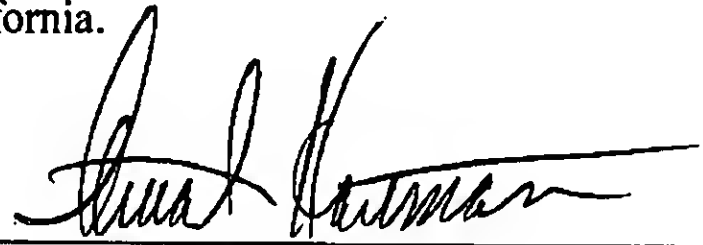
REUBEN RAUCHER & BLUM

10 By: 
11 Stephen L. Raucher
12 Attorneys for Plaintiffs/Petitioners
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VERIFICATION

I, Stuart Hartman, am the Vice President of Affordable Housing Operations for Retirement Housing Foundation and am authorized to make this verification on behalf of Plaintiffs. I have read the foregoing **PETITION FOR PEREMPTORY WRIT OF MANDATE AND COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF** and know its contents. I am informed and believe and on that ground allege that the matters stated in the foregoing document are true. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on June 29, 2017 in Los Angeles, California.



Stuart Hartman

08/08/2017 08:00:00

08/08/2017 08/08/2017

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Superior Court of California
County of Los Angeles

JUL 26 2017

6 Attorneys for Plaintiff Mesa RHF Partners, L.P.

Shari R. Carter, Executive Officer/Clerk
By: ~~Gloria~~ Robinson, Deputy

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **FOR THE COUNTY OF LOS ANGELES**

10 **BS170352**

11 MESA RHF PARTNERS, L.P., a California
limited partnership,

12 Petitioner/Plaintiff,

13 vs.

14 CITY OF LOS ANGELES; SAN PEDRO
15 HISTORIC WATERFRONT PROPERTY AND
BUSINESS IMPROVEMENT DISTRICT, a
16 special assessment district in the City of Los
Angeles; SAN PEDRO PROPERTY OWNERS
17 ALLIANCE, a California nonprofit corporation;
and DOES 1 through 10, inclusive,

18 Respondents/Defendants.
19

CASE NO.

PETITION FOR PEREMPTORY
WRIT OF MANDATE AND
COMPLAINT FOR DECLARATORY
AND INJUNCTIVE RELIEF

20 Plaintiff and Petitioner alleges as follows:

21 **The Parties**

22 1. Plaintiff/Petitioner Mesa RHF Partners, L.P. ("Mesa LP") is now, and has been at
23 all times relevant to this action, a California limited partnership with its principal place of
24 business in Los Angeles, California. Mesa LP is the owner of real property located at 340 S.
25 Mesa Street, San Pedro, California, which is referred to as "Harbor Tower" and is within the
26 boundaries of the San Pedro Historic Waterfront Property and Business Improvement District.
27 Mesa LP is a nonprofit provider of housing and services to low-income seniors, whose general
28 partner (also called Harbor Tower – herein referred to as "HT Corporation") is a California

PETITION & COMPLAINT

EXHIBIT B

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1 nonprofit corporation.

2 2. Harbor Tower is among the properties operated by Retirement Housing
3 Foundation ("RHF"), one of the nation's largest nonprofit providers of housing and services for
4 low-income seniors. As such, Harbor Tower is exempt from property taxes and several other
5 types of taxes, fees, and assessments.

6 3. Defendant/Respondent the City of Los Angeles ("the City") is a "local agency" as
7 defined by the California Streets & Highways Code Section 22530, a "local government" as
8 defined by subdivision (b) of Section 1 of Article XIII C of the California Constitution, and an
9 "agency" as defined by subdivision (a) of Section 2 of Article XIII D of the California
10 Constitution. The City is a public agency required to comply with the applicable provisions of
11 the laws of the State of California, including the Constitution of the State of California and the
12 Streets & Highways Code.

13 4. Defendant/Respondent San Pedro Historic Waterfront Property and Business
14 Improvement District ("SPBID" or "the District") is a special assessment district in the City of
15 Los Angeles that must comply with the requirements of Article XIII D of the California
16 Constitution.

17 5. Defendant Respondent San Pedro Property Owners Alliance ("the OA") is a
18 California nonprofit corporation which administers SPBID and SPBID's programs, services, and
19 improvements.

20 6. Mesa LP is ignorant of the true names and capacities of defendants sued as DOES
21 1 through 10, inclusive, and therefore sues these defendants by such fictitious names. Mesa LP
22 will amend this complaint to allege their true names and capacities when ascertained.

23 7. Mesa LP is informed and believes that at all times relevant to this Petition and
24 Complaint, each of the Defendants, including the Defendants served as DOE, were the agents,
25 affiliates, subsidiaries, employees, co-conspirators, and/or alter egos of one or some of the
26 remaining Defendants, and were at all times acting within the purpose and scope of such agency
27 and employment, and each Defendant has ratified and approved the acts of its agent.

28 8. Venue is proper in this Court because the City, SPBID, and the OA are located in

1 Los Angeles County, where the actions complained of occurred and will occur, and the primary
2 business location for each.

3 **Harbor Tower**

4 9. Harbor Tower is located within an R4-2 Zone, which permits multiple-family
5 residential development based on a density of one dwelling per 400 square feet of lot area. The
6 R4 Zone permits uses including, but not limited to, single family dwellings, two family
7 dwellings, apartment houses, churches, schools, and child care facilities.

8 10. Harbor Tower is home to approximately 224 low-income elderly residents (63%
9 of whom are over 75 years old) who meet affordability requirements established by the United
10 States Department of Housing and Urban Development as well as the Community
11 Redevelopment Agency of the City of Los Angeles.

12 11. Pursuant to a Regulatory Agreement and Declaration of Restrictive Covenants
13 dated December 1, 2007, use of Harbor Tower is restricted as a "qualified residential rental
14 project."

15 **SPBID's 2013 Establishment**

16 12. On September 25, 2012, the City Council held a public hearing to determine
17 whether to establish SPBID for the five year term of January 1, 2013 to December 31, 2017, and
18 levy assessments.

19 13. At the September 25, 2012 hearing, Mesa LP submitted a ballot opposing the
20 establishment of SPBID.

21 14. On September 28, 2012, the Deputy City Clerk tabulated the ballots of property
22 owners. Of the 73 ballots submitted, 47 voted to establish SPBID and 26 voted against the
23 establishment. The vote tabulation reflected that Mesa LP submitted a "No" vote. Although the
24 assessments of SPBID were approved by a majority of the property owners within the district,
25 the vast majority of which are for profit commercial enterprises, the matter was never voted on
26 by the applicable taxpayers in the city, county, or state.

27 15. The City Council approved and adopted SPBID on October 2, 2012.

28 16. Having exhausted all administrative remedies to avoid being subject to SPBID's

1 assessments, Plaintiff filed a lawsuit on November 1, 2012, Los Angeles Superior Court Case
2 No. BS140224, challenging SPBID and SPBID's assessments, both generally and as applied to
3 Plaintiff.

4 17. To settle Case No. BS140224, Plaintiff and the City entered into a settlement
5 agreement in September 2013 ("Settlement Agreement"), arranging a method by which Plaintiff
6 is reimbursed for any assessment amount paid to SPBID: "For so long as Mesa LP remains the
7 owner of this property, and the SPBID continues in its current formulation, the City will remit to
8 Mesa LP an amount sufficient to satisfy the amounts paid by Mesa LP to the SPBID as part of
9 assessments set forth in the Engineer's Report and the Management Plan." The Settlement
10 Agreement is attached hereto as Exhibit A and incorporated by reference.

11 18. Plaintiff has since received reimbursement checks from the City, pursuant to the
12 Settlement Agreement.

13 **SPBID's 2018 Renewal and Exhaustion of Administrative Remedies**

14 19. In May 2017, Plaintiff received a Notice of Public Hearing ("the Notice"), which
15 mailing envelope is stamped May 11, 2017, but has a mailing date of June 11, 2017. The Notice
16 provided that the public hearing to determine whether to establish SPBID for a new term and
17 levy assessments would take place on Tuesday, June 27, 2017. Included with the Notice was a
18 summary of the Management District Plan, an assessment ballot, and a summary of the
19 procedures for completion, return, and tabulation of the assessment ballots. The Notice
20 instructed that completed ballots be submitted to the City Clerk prior to the close of the public
21 hearing. The Notice also provided that the City Clerk would tabulate the ballots at the
22 conclusion of the public hearing. The Notice is attached hereto as Exhibit B and incorporated by
23 reference.

24 20. Plaintiff submitted a ballot to oppose the establishment of SPBID, which term is
25 to be 10 years, commencing on January 1, 2018 and expiring on December 31, 2027. The
26 opposing ballot is attached hereto as Exhibit C and incorporated by reference.

27 21. The ballot tabulation results, attached hereto as Exhibit D and incorporated by
28 reference, were announced on June 28, 2017, in favor of establishing SPBID and levying

1 assessments.

2 22. The City Council adopted Ordinance No. 185047 ("the Ordinance") to establish
3 SPBID and to levy an annual assessment on each property within the District. The Ordinance
4 adopted, approved, and confirmed the Management District Plan and the Engineer's Report
5 included in Council File No. 15-0417, both dated April 2017. The Ordinance, attached hereto as
6 Exhibit E and incorporated by reference, was approved by the Mayor of Los Angeles on June 30,
7 2017.

8 23. Plaintiff has exhausted all administrative remedies to avoid being subject to
9 SPBID assessments.

10 **The Engineer's Report and the Management District Plan**

11 24. SPBID's Engineer's Report ("The Engineer's Report" or "the Report"), attached
12 hereto as Exhibit F and incorporated by reference, provides as follows:

13 a. SPBID is being renewed for a ten-year term, pursuant to Section 36600 *et*
14 *seq.* of the California Streets and Highways Code, as amended;

15 b. SPBID is generally bounded by South Pacific Avenue to the west and the
16 Los Angeles Harbor water line to the east. Parcels that are west of Harbor Boulevard are
17 generally bounded by West Third Street to the north, portions of West Tenth Street , West Ninth
18 Street, and West Eighth Street to the south;

19 c. As part of its renewal, the District is being expanded to include an
20 additional 15 Los Angeles Harbor Department waterline parcels, which will specially benefit
21 from "marketing, transit and tourist related activities;"

22 d. Based on the Engineer's Report, Harbor Tower is located in Zone 1;

23 e. As part of its boundary rationale, the Report provides, "California Streets
24 and Highways Code Section 36632(c) conclusively presumes that properties zoned solely
25 residential do not benefit from the improvements and services funded through [SPBID]
26 assessments, cannot be assessed and, thus, these mainly residential use neighborhoods are not
27 included in the District;"

28 f. SPBID's programs, services, and improvements, found on Page 18 of the

1 Report, include: (1) "Visitor & Ambassador/Security Services," which is "designed to attract
2 visitors and tourists to, and for the special benefit of, individually assessed parcels;" (2)
3 "Sanitation & Beautification/Capital Improvements;" (3) "Marketing and Special Events;" and
4 (4) "Administration/District Management;"

5 g. *The Visitor Program.* The Visitor Program will be provided to all zones,
6 and includes weekend "shuttle services . . . visitor kiosk(s) with maps and brochures, wayfinding
7 signage, monument signage, and high technology advances to automate and enhance various
8 Visitor Program elements;"

9 h. Retail, office, entertainment, light industrial, manufacturing, and parking
10 parcels will specially benefit from the Visitor Program "by attracting more customers, users,
11 visitors, employees, tenants, and investors." The Visitor Program is "designed to increase
12 business volumes, sales transactions, commercial occupancies, commercial rental income and
13 return on investments . . . [and] will also promote commercial and recreational opportunities . . .
14 [and] is designed to improve commerce . . . by facilitating district information dissemination and
15 transporting customers, visitors, tourists, and employees to other assessed parcels within the
16 District;"

17 i. Residential parcels will "specially benefit from the Visitor Program by
18 attracting more tenants and investors for the special benefit of each of these assessed parcels . . .
19 [which is] designed to increase residential occupancies, residential rental income and return on
20 investments . . . [and is] designed to improve livability for each of these assessed residential
21 parcels by facilitating District information, dissemination and transporting residents and visitors
22 to other assessed parcels within the District." The Report does not provide further on what
23 "livability" means and how the dissemination of District information and *weekend* shuttle
24 services will improve said "livability;"

25 j. Government owned parcels and facilities will "specially benefit from the
26 Visitor Program from the District visitor information dissemination and the shuttle bus service
27 which are available to Government employees, visitors, vendors, and other users of these
28 government parcels and facilities;"

1 k. *The Ambassador/Security Services.* The Ambassador/Security Services,
2 which are only provided in Zone 1, include uniformed ambassadors who will report crimes and
3 whose presence is expected to prevent and deter crime. The Ambassador/Security Services will
4 also include efforts to "seek to enhance the program by using technology such as the installation
5 of security cameras and/or additional security lighting throughout the District;"

6 l. Retail, office, entertainment, light industrial, manufacturing and parking
7 parcels will "specially benefit" by attracting more customers, users, visitors, employees, tenants,
8 and investors . . . [and the Ambassador/Security Services] are designed to improve security for
9 each of these assessed parcels by reducing and deterring crime;"

10 m. Residential parcels will "specially benefit from the Ambassador/Security
11 Services by attracting more tenants and investors for the special benefit of each of these assessed
12 residential parcels . . . [which] are designed to improve security . . . by reducing and deterring
13 crime for the special benefit of these assessed parcels;"

14 n. Government owned parcels will "specially benefit from the
15 Ambassador/Security Services by reducing and deterring crime which provides positive effects
16 and special benefits;"

17 o. *The Sanitation Services and the Beautification/Capital Improvements.*
18 The Sanitation Services, to be provided to all Zones in varying degrees, will include "sidewalk
19 sweeping, sidewalk pressure washing, illegal dumping pickup, graffiti removal and clean up
20 patrols." The Beautification/Capital Improvements, to be provided to the Zones in varying
21 degrees, include "landscape watering, tree trimming, streetscape improvements and capital
22 improvement projects;"

23 p. The Sanitation Services and the Beautification/Capital Improvements will
24 specially benefit retail, office, entertainment, light industrial, manufacturing, and parking parcels
25 "by attracting more customers, users, visitors, employees, tenants and investors . . . [and] are
26 designed to improve the physical appearance of each of these assessed parcels;"

27 q. The Sanitation Services and the Beautification/Capital Improvements will
28 specially benefit residential parcels "by attracting more tenants and investors . . . [and] are

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1 designed to improve the physical appearance of each of these assessed residential parcels;”

2 r. The Sanitation Services will specially benefit government parcels “by
3 removing litter and debris and other negative physical factors which provides positive visual
4 effects and thus special benefits.” The Beautification/Capital Improvements will specially
5 benefit government owned parcels “by providing physical amenities adjacent to and for the
6 special benefit of each of the assessed government parcels . . . [and will provide] positive visual
7 effects and thus special benefits for each and every assessed government parcel;”

8 s. *Marketing and Special Events.* Marketing and Special Events, to be
9 provided to all zones, will include: “website development and updates, newsletter publication,
10 branding and marketing program development, advertising, public relations activities and special
11 events . . . business attraction, recruitment and retention which involves preparation of public
12 relations and promotional materials; marketing programs and activities; market and economic
13 analysis, forecasts, and development plans; and targeted outreach.” Special events will include
14 “concerts, festivals, and the Los Angeles Fleet Week events.” Marketing and Special Events “is
15 designed to build upon a positive District identity already developed by past [SPBID] marketing
16 and promotional efforts;”

17 t. Retail, office, entertainment, light industrial, manufacturing, and parking
18 parcels will “specially benefit from Marketing and Special Events by attracting more customers,
19 users, visitors, employees, tenants and investors for the special benefit of each of these assessed
20 parcels.” Marketing and Special Events “are designed to increase exposure of each of these
21 assessed parcels by actively promoting the goods and services and other amenities available . . .
22 thus increasing commerce;”

23 u. Residential parcels “specially benefit from Marketing and Special Events
24 by attracting more tenants and investors for the special benefit of each of these assessed
25 residential parcels.” The Marketing and Special Events “are designed to improve the livability
26 of each of these assessed residential parcels by staging activities and special events for the
27 special benefit of each of these assessed parcels.” The Report again does not provide further on
28 what “livability” means and how staging activities and special events will improve the livability

1 of residential parcels;

2 v. Government owned parcels "specially benefit from the Marketing and
3 Special Events which are available to Government employees, visitors, vendors, and other users
4 of these government parcels and facilities, thus providing special benefits to these assessed
5 government parcels;"

6 w. *Administration/District Management*. In addition to the foregoing,
7 Administration/District Management will be provided and require "internal staffing, overhead,
8 accounting, legal, bank charges, annual report and Directors and Officers and General Liability
9 insurance and other office and operation expenses;"

10 x. On Page 23 of the Engineer's Report, a table depicts the projected total
11 cost of the services described above for 2018 (Year 1 of SPBID's renewed term), \$1,274,089.25.
12 Specifically, \$488,231.00 (38.32% of the total) is attributed to the Visitor/Ambassador &
13 Security services, \$305,908.83 (24.01% of the total) is attributed to the Sanitation/Beautification
14 & Capital Improvements services, \$261,570.52 (20.53% of the total) is attributed to the
15 Marketing and Special Events; and \$218,378.90 (17.14% of the total) is attributed to
16 Administration/District Management. SPBID assessments may be increased up to 3% every
17 year;

18 y. Each category of services is designed to specially benefit residential
19 parcels by attracting more customers, users, visitors, employees, tenants, and/or investors. The
20 services are also designed to increase residential and commercial rental occupancies, residential
21 and commercial rental income, business volume, sales transactions, and/or return on investments;

22 z. Harbor Tower, which provides low-income housing to seniors, is not
23 specifically analyzed by the Report. However, Harbor Tower does not enjoy the same ability as
24 other private residential properties to lease units at market value. Thus, customer, user, visitor,
25 employee, tenant and/or investor-attraction are not as beneficial to Harbor Tower as they are for
26 other parcels, including multi-family residential parcels because they are able to provide housing
27 at market value. Similarly, increases in occupancy, income, business volume, sales transactions,
28 and/or return on investments do not benefit Harbor Tower as they benefit other parcels;

1 aa. The general benefit analysis on Page 11 provides three different types of
2 general benefit: the general benefit received by: (1) the assessed parcels inside of the District
3 (which the Engineer's Report concludes receive zero general benefit); (2) the "public at large,"
4 which the Report limits to those "just passing through" the District, estimated at 5% or less, and
5 is only benefitted by the Ambassador/Security and Sanitation Services; and (3) parcels
6 immediately outside the perimeter of SPBID, which is limited to 22 commercially zoned parcels
7 and 123 residentially zoned parcels;

8 bb. In its quantification of general benefit, the Report proffers a general
9 benefit factor of 0.02 for the "public at large" "just passing through" the District, a general
10 benefit factor of 0.1 for the general benefit received by the 22 commercial parcels immediately
11 outside the perimeters of the District, and a general benefit factor of 0.01 for the general benefit
12 received by the 123 non-commercial parcels immediately outside the perimeters of the District.
13 In providing these general benefit factors, the Report only relies on the "experience curves and
14 the nature of the proposed [District] funded programs and over 30 years of assessment
15 engineering experience;"

16 cc. On Page 26, the Report asserts that each identified parcel "will be assessed
17 based on property characteristics unique only to that parcel," and that "the assessment factors on
18 which to base assessment rates relate directly to the proportionate amount of building area and/or
19 land area." The Report continues, "Larger parcels and/or ones with larger building areas and/or
20 located in Zone 1 are expected to impact the demand for services and programs to a greater
21 extent than smaller land and/or assessment program and service costs . . . The proportionality is
22 further achieved by setting targeted formula component weights for the respective parcel by
23 parcel identified property attributes." Thus, based on its parameters and location in Zone 1,
24 Harbor Tower, which provides low-income housing for seniors, will be assessed an amount that
25 is disproportionate to the special benefit actually conferred.

26 dd. SPBID's assessment formula is based on gross building square footage
27 and land square footage. The Report asserts, "[It] is determined that all identified properties will
28 gain a direct and proportionate degree of special benefit based on the respective amount of

1 building area and/or land area within three benefit zones.” The Report provides that building
2 area will generate approximately 40% of the total PBID revenue and land area will generate
3 approximately 60% of the total paid revenue;

4 ee. Pursuant to California Streets and Highways Code Section 36632(c),
5 “Parcels zoned RD1.5 to RD3 or zoned agricultural, in whole or in part, within the District
6 boundaries will not be assessed;”

7 ff. Multi-family residential parcels are deemed by the Report to receive
8 special benefit “differently” than commercial zoned parcels: whereas “commercial parcels and
9 buildings provide the double benefit of directly generating income for the parcel in the form of
10 market driven rents and, in turn, generate income to business owners as a function of retail sales .
11 . . . this double benefit does not hold true for multi-unit residential use parcels.” Accordingly, the
12 multi-family residential building rate is \$0.08666418 for parcels in Zone 1, \$0.04333200 for
13 parcels in Zone 2, and \$0 for parcels in Zone 3. The land rates for multi-family residential use
14 parcels are the same as the land rates for commercially zoned parcels in Zone 1 and 2.

15 25. The Management District Plan, attached hereto as Exhibit G and incorporated by
16 reference, mirrors the contentions of the Engineer’s Report and provides SPBID’s governance,
17 procedure, and rules.

18 26. The Management District Plan shows that SPBID includes a large strip of land
19 along the Los Angeles Harbor, which encompasses the Ports O’Call Village and contains a large
20 number of restaurants and other for-profit enterprises.

21 27. Neither the Engineer’s Report nor the Management District Plan specifically
22 addresses how Harbor Tower, a low-income provider of senior housing, will specially benefit
23 from SPBID’s services.

24 28. Mesa LP has exhausted all administrative remedies to avoid being subject to
25 SPBID assessments.

26 29. An actual controversy exists between Mesa LP and Defendants as to whether
27 SPBID and SPBID’s assessments, both in general and as to Mesa LP, are valid and comport with
28 the applicable provision of the Constitution of the State of California and the Streets &

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1 Highways Code. Mesa LP contends that Defendants are attempting to assess and collect a
2 property tax, which has not been approved by two-thirds of the electorate in conformity with the
3 California Constitution.

4 30. As a nonprofit provider of housing and services to low-income seniors, all funds
5 that are not assessed by SPBID will increase the total amount of funds available to Mesa LP with
6 which to provide services to the low-income senior residents of Harbor Tower and to provide
7 low-income housing to seniors.

8 31. The requirements of the Constitution of the State of California and the Streets &
9 Highways Code, which the instant Petition and Complaint seek to enforce, constitute important
10 rights affecting the public interest as defined under Code of Civil Procedure §1021.5.

11 **FIRST CAUSE OF ACTION**

12 **Violation of the Requirement to Separate and Quantify Specific and General Benefits**

13 **(California Constitution, Article XIII D)**

14 **(Against All Defendants)**

15 32. Plaintiff hereby repeats and realleges Paragraphs 1 through 31 of this Complaint
16 as though set forth in full at this point.

17 33. Section 4(a) of Article XIII D of the California Constitution provides, "Only
18 special benefits are assessable, and an agency shall separate the general benefits from the special
19 benefits conferred on a parcel." Article XIII D Section 2(i) defines "special benefit" as a
20 "particular and distinct benefit over and above general benefits conferred on real property
21 located in the district or to the public at large." Under this definition, both the public at large and
22 the assessed District properties themselves may receive general benefits distinct from the special
23 benefits conferred.

24 34. Under Article XIII D Section 2(i), general enhancements of property value are
25 conclusively deemed not to constitute a special benefit.

26 35. The Engineer's Report does not mention the seminal California Supreme Court
27 case, *Silicon Valley Taxpayers' Assn., Inc. v. Santa Clara County Open Space Authority*, 44
28 Cal.4th 431 (2008), which found that the benefit of enhanced economic conditions was not a

1 special benefit, but rather a general benefit because all people in the district would broadly,
2 generally, and directly benefit – and that as a result, all properties would receive a derivative,
3 indirect benefit. The *Silicon Valley* Court further instructed that quality-of-life benefits to people
4 living in, working in, and patronizing businesses in the district would benefit property in the
5 district derivatively as general benefits. *Id.* at 454.

6 36. Although purporting to separate the special benefits from general benefits to be
7 conferred from SPBID's programs, improvements, and services, the Engineer's Report as finally
8 confirmed fails to fulfill the City's constitutional obligations.

9 37. SPBID is being renewed pursuant to Section 36600 *et seq.* of the California
10 Streets and Highways Code, as amended:

11 a. Section 36615.5 of the Streets and Highways Code defines special benefit
12 as follows: "'Special benefit' means, for purposes of a property-based district, a particular and
13 distinct benefit over and above general benefits conferred on real property located in a district or
14 to the public at large . . . [and] includes incidental or collateral effects that arise from the
15 improvements, maintenance, or activities of property-based districts even if those incidental or
16 collateral effects benefit property or persons not assessed." Section 36615.5 unconstitutionally
17 and incorrectly categorizes incidental or collateral benefits which are general as special.
18 Reliance thereon results in a failure to separate special benefits from general benefits. In
19 renewing the District pursuant to the Streets and Highways Code as amended, which includes
20 Section 36615.5, SPBID fails to separate special benefits from general benefits as required by the
21 California Constitution;

22 b. Section 36601(h)(2) of the Streets and Highways Code states: "Activities
23 undertaken for the purpose of conferring special benefits upon property to be assessed inherently
24 produce incidental or collateral effects that benefit property or persons not assessed. Therefore,
25 for special benefits to exist as a separate and distinct category from general benefits, the
26 incidental or collateral effects of those special benefits are inherently part of those special
27 benefits. The mere fact that special benefits produce incidental or collateral effects that benefit
28 property or persons not assessed does not convert any portion of those special benefits or their

1 incidental or collateral effects into general benefits.” Section 36601(h)(2) unconstitutionally and
2 incorrectly categorizes incidental or collateral benefits which are general as special. Reliance
3 thereon results in a failure to separate special benefits from general benefits. In renewing the
4 District pursuant to the Streets and Highways Code as amended, which includes Section
5 36601(h)(2), SPBID fails to separate special benefits from general benefits as required by the
6 California Constitution;

7 c. Section 36601(e) of the Streets and Highways Code states: “Property and
8 business improvement districts formed throughout this state have conferred special benefits upon
9 properties and businesses within their districts and have made those properties and businesses
10 more useful by providing the following benefits: (1) Crime reduction[;] (2) Job creation[;] (3)
11 Business attraction[;] (4) Business retention[;] (5); Economic growth[; and] (6) New
12 investments.” Section 36601(e) unconstitutionally and incorrectly categorizes incidental or
13 collateral benefits which are general as special. Reliance thereon results in a failure to separate
14 special benefits from general benefits. In renewing the District pursuant to the Streets and
15 Highways Code as amended, which includes Section 36601(h)(2), SPBID fails to separate
16 special benefits from general benefits as required by the California Constitution;

17 38. Defendants are in violation of the constitutional requirement to separate and
18 quantify special benefits from general benefits because despite the Engineer’s Report’s
19 conclusions to the contrary, the various benefits stemming from the economic development and
20 marketing services do not confer a “special benefit” onto District properties for the following
21 reasons:

22 a. Each category of services is designed to benefit residential parcels by
23 attracting more customers, users, visitors, employees, tenants, and/or investors. The services are
24 also designed to increase residential and commercial rental occupancies, residential and
25 commercial rental income, business volume, sales transactions, and/or return on investments.
26 These various economic development and marketing services constitute quality-of-life and
27 economic enhancement benefits which are not “special benefits;”

28 b. The Visitor Program – which services include, but are not limited to,

1 weekend shuttle service, maps, brochures, and wayfinding signage – is designed to attract
2 visitors and tourists to and for the special benefit of assessed parcels. In other words, the visitors
3 and tourists are the ones who will receive a direct and special benefit, which will in turn
4 derivatively and generally benefit the assessed parcels. Derivative and general benefits must be
5 separated from special benefits and quantified, so that SPBID's assessments are only based on
6 special benefits. The Report fails to provide an accurate quantification of the special benefit
7 from the Visitor Program because it improperly includes in its special benefit quantification,
8 general benefits derived from the special benefits conferred on visitors, tourists, and the public at
9 large. Additionally, to the extent that the benefits derived from the Visitor Program are general
10 enhancements of property value, those benefits do not constitute special benefit, and the Report
11 improperly includes general enhancements of property value in its quantification of special
12 benefit.

13 c. The Marketing and Special Events – which services include, but are not
14 limited to, “website development and updates, newsletter publication, branding and marketing
15 program development, advertising, public relations activities and special events . . . business
16 attraction, recruitment and retention which involves preparation of public relations and
17 promotional materials, marketing programs and activities, market and economic analysis,
18 forecasts, development plans, targeted outreach, concerts, festivals, and Los Angeles Fleet Week
19 events” – are designed to “increase vehicle, pedestrian and visitor traffic to the District and, in
20 turn, increase exposure and visibility to assessed [District] parcels and their businesses and other
21 attractions within the District.” The Marketing and Special Events are also designed to “increase
22 commerce and attract and retain businesses in the District.” Marketing and economic
23 development programs will benefit the public at large, benefitting all people broadly and
24 generally, within or not within the District (not just the ones located immediately outside of the
25 district), and as a consequence, derivatively and indirectly benefit the District properties. Thus
26 in failing to recognize the extent to which the marketing and special events services will produce
27 general benefits to be enjoyed by the public at large, SPBID fails to separate the special benefits
28 from the general benefits. Additionally, to the extent that the benefits derived from the

1 Marketing and Special Events are general enhancements of property value, those benefits do not
2 constitute special benefits, and the Report improperly includes general enhancements of property
3 value in its quantification of special benefit.

4 d. The Engineer's Report improperly assumes that attracting more
5 customers, users, visitors, employees, tenants, and/or investors, and an increase in publicity will
6 affect people and property equally;

7 e. The Engineer's Report fails to take into account the fact that Harbor
8 Tower will benefit less from marketing and economic development services than will the market
9 rate residential and commercial parcels. Thus, SPBID's assessments are not properly limited to
10 the proportional special benefits conferred.

11 39. Prior to approving and adopting SPBID, the City was aware that Harbor Tower
12 was restricted from being put toward anything other than residential use for low-income seniors.
13 The Engineer's Report ignores this fundamental and unique characteristic of Harbor Tower, and
14 measures special benefit to Harbor Tower in the same manner as other multi-residential parcels.
15 Thus, based solely on its building, area, land area, and location in Zone 1, Harbor Tower will
16 assume more of the burden of the assessment than a multi-use residential parcel with less
17 building area, land area, and/or located in Zone 2 or 3, which rents at market value and has far
18 more to gain from SPBID's economic development and marketing services than would a low-
19 income senior housing complex.

20 40. Plaintiff is entitled to a Writ of Mandate commanding that Defendants modify
21 SPBID to exempt Harbor Tower from any and all SPBID assessments on the ground that
22 Defendants failed to comply with Section 4(a) of Article XIII D of the California Constitution
23 when forming SPBID because Defendants failed to adequately separate special benefits from
24 general benefits.

25 41. Alternatively, Plaintiff is entitled to a Declaration that SPBID is invalid as to
26 Plaintiff because Defendants failed to comply with Section 4(a) of Article XIII D of the
27 California Constitution when forming SPBID.

28 42. Plaintiff is entitled to a Declaration that SPBID is invalid in its entirety because

1 Defendants failed to comply with Section 4(a) of Article XIII D of the California Constitution
2 when forming SPBID because Defendants failed to separate special benefits from general
3 benefits.

4 43. Plaintiff is entitled to an order enjoining Defendants from collecting assessments,
5 fees, and/or special taxes associated with SPBID from Plaintiff, or, alternatively, any property
6 owner to be assessed under SPBID, on the ground that Defendants failed to comply with Section
7 4(a) of Article XIII D of the California Constitution when forming SPBID because it failed to
8 separate special benefits from general benefits.

9 44. Plaintiff is entitled to attorney's fees pursuant to Code of Civil Procedure §1021.5
10 because the requirements of Article XIII D of the California Constitution, which the instant
11 Complaint seeks to enforce, constitute important rights affecting the public interest under Code
12 of Civil Procedure §1021.5.

13 **SECOND CAUSE OF ACTION**

14 **Violation of Requirement to Assess Proportionally to the Special Benefit Conferred**

15 **(California Constitution, Article XIII D)**

16 **(Against All Defendants)**

17 45. Plaintiff hereby repeats and realleges Paragraphs 1 through 44 of this Complaint
18 as though set forth in full at this point.

19 46. Section 4(a) of Article XIII D of the California Constitution also provides, "No
20 assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional
21 special benefit conferred on that parcel."

22 47. On Page 11, the Engineer's Report distinguishes between a "composite of three
23 distinct types of general benefit" – the general benefit received by: (1) the assessed parcels
24 within SPBID; (2) the public at large within SPBID; and (3) the parcels immediately outside the
25 boundaries of SPBID.

26 a. *The general benefit received by the assessed parcels within the District.*
27 The Engineer's Report faultily concludes that "100% of benefits conferred on assessed parcels
28 within the [District] are distinct and special and that there are 0% general benefits conferred on

1 these parcels.” The Engineer’s Report, therefore, relies on the flawed reasoning that because the
2 assessed parcels will receive the special benefits, they will therefore not receive a general
3 benefit. However, District properties can receive general benefits and will receive general
4 benefits from the District’s services, which include quality-of-life improvements, general
5 enhancements of property value, and other economic enhancement benefits. Thus, SPBID’s
6 assessments fail to take into account the general benefit received by District properties from
7 SPBID’s services, and therefore exceed the proportional special benefit conferred.

8 b. *The general benefit received by the “public at large.”* Rather than
9 providing a definition of “public at large,” the Report provides, “Assessment Engineering
10 experience in California has found that generally over 95% of people moving about within PBID
11 boundaries are engaged in business related to assessed parcels and businesses contained on them
12 within the [District], while the public at large ‘just passing through’ is typically 5% or less.”
13 Thus, it appears from this language which compares those “moving about” to those “just passing
14 through,” that the Report improperly limits “public at large” to the 5% “just passing through” the
15 District. In addition to improperly limiting the definition of “public at large,” the Report
16 improperly concludes that only the Ambassador/Security and Sanitation Services (Year 1
17 estimated at \$600,000 or 47% of the total budget) will confer a general benefit to the public at
18 large, ignoring the general benefits produced by the Visitor Program, the Marketing and Special
19 Events Program, and the Administration/Management services, which will be conferred on the
20 public at large. Moreover, the Report assigns a “conservative general benefit factor” of 0.02
21 (2%), based on nothing more than “experience curves and the nature of the proposed SPHWBID
22 funded programs and over 30 years of assessment engineering experience.” The Engineer’s
23 Report limits the definition of public at large in a manner that results in a flawed and understated
24 general benefit analysis, which in turn violates the constitutionally mandated requirement that
25 assessments be limited to the proportional special benefit conferred. Additionally, the
26 proportionality requirement is not met because the Report incorrectly concludes that the Visitor
27 Program, the Marketing and Special Events Program, and the Administration/Management
28 services do not confer general benefit to the public at large.

1 c. *The general benefit received by the parcels outside of the District.* The
2 Engineer's Report limits this analysis to those parcels which are immediately adjacent to the
3 District, which includes 22 commercially zoned parcels and 123 residentially zoned parcels. The
4 Engineer's Report relies on the flawed logic that an outside parcel must be immediately adjacent
5 to SPBID's boundaries in order to receive a general benefit to be quantified and separated from
6 the special benefit conferred on assessed properties. This general benefit analysis is unreliable
7 and fails to comply with Article XIII D because it assumes that outside parcels, which are not
8 one of the 145 parcels identified, do not receive a general benefit. Therefore the assessments
9 exceed the proportional special benefit conferred. Moreover, "[b]ased on over 30 years of
10 assessment engineering experience," a benefit factor of 1.0 is attributed to the assessed parcels
11 within the District, a benefit factor of 0.1 is attributed to the 22 commercially zoned parcels
12 located outside of the District, and a benefit factor of 0.01 is attributed to the 123 residentially
13 zoned parcels. The Report fails to provide solid, credible evidence in providing the general
14 benefit factors.

15 d. Although the Engineer's Report acknowledges that some parcels will
16 receive less special benefit than others (e.g., the services will benefit the multi-family residential
17 parcels "differently" than they will benefit commercial parcels), SPBID's assessments are not
18 proportional to the special benefit conferred on residential parcels because the Report does not
19 account for the fact that Harbor Tower is a parcel that is used to provide low-income senior
20 housing, unlike other multi-residential parcels.

21 48. SPBID fails to rely on solid, credible evidence in quantifying special benefits
22 from general benefits. The Engineer's Report provides an assessment method which relies on
23 benefit factors, but fails to explain how the numerical factors are determined apart from the
24 engineer's "experience." Thus, the proffered benefit factors are speculative at best and specious
25 at worst.

26 49. The City's failure to recognize and account for the general benefits accruing from
27 SPBID's services violates Section 4(a) of Article XIII D of the California Constitution because it
28 results in the value of general benefits, rather than only special benefits, being improperly

1 assessed to parcels within the district.

2 50. Plaintiff is entitled to a Writ of Mandate commanding that Defendants modify
3 SPBID to exempt Harbor Tower from any and all SPBID assessments on the ground that
4 Defendants failed to comply with Section 4(a) of Article XIII D of the California Constitution
5 when forming SPBID because SPBID's assessments are not proportional to the special benefit
6 conferred.

7 51. Alternatively, Plaintiff is entitled to a Declaration that SPBID is invalid as to
8 Plaintiff because Defendants failed to comply with Section 4(a) of Article XIII D of the
9 California Constitution when forming SPBID.

10 52. Plaintiff is entitled to a Declaration that SPBID is invalid in its entirety because
11 Defendants failed to comply with Section 4(a) of Article XIII D of the California Constitution
12 when forming SPBID because SPBID's assessments are not proportional to the special benefit
13 conferred.

14 53. Plaintiff is entitled to an order enjoining Defendants from collecting assessments,
15 fees, and/or special taxes associated with SPBID from Plaintiff, or, alternatively, any property
16 owner to be assessed under SPBID, on the ground that Defendants failed to comply with Section
17 4(a) of Article XIII D of the California Constitution when establishing SPBID and levying
18 assessments which are not proportional to the special benefit conferred.

19 54. Plaintiff is entitled to attorney's fees pursuant to Code of Civil Procedure §1021.5
20 because the requirements of Article XIII D of the California Constitution, which the instant
21 Complaint seeks to enforce, constitute important rights affecting the public interest under Code
22 of Civil Procedure §1021.5.

23 **THIRD CAUSE OF ACTION**

24 **Violation of the Requirement to Levy Assessments Based on Benefit to Property**

25 **(Streets and Highways Code §36632)**

26 **(Against All Defendants)**

27 55. Plaintiff hereby repeats and realleges Paragraphs 1 through 54 of this Complaint
28 as though set forth in full at this point.

1 56. Under California Streets and Highways Code §36632(a), "the assessments levied
2 on real property pursuant to this part shall be levied on the basis of the estimated benefit to the
3 real property within the property and business improvement district."

4 57. Under California Streets and Highways Code §36632(a), "properties zoned solely
5 for residential use [] are conclusively presumed not to benefit from the improvements and
6 services funded through these assessments, and shall not be subject to any assessment pursuant
7 to this part."

8 58. SPBID, as approved and adopted by the City, fails to levy assessments based on
9 the estimated benefit of the services of SPBID to Harbor Tower.

10 59. Prior to approving and adopting SPBID, the City was aware that Harbor Tower
11 was restricted by the City from being put toward anything other than residential use for low-
12 income seniors.

13 60. The Engineer's Report fails to provide how SPBID's programs, improvements,
14 and services will confer special benefit to properties which are restricted in use as rental housing
15 for low-income seniors. In fact, these issues were never even analyzed by Defendants. Thus,
16 Defendants failed to limit the assessments to proportional special benefit.

17 61. As to Harbor Tower, Defendants failed to comply with the requirement of Streets
18 and Highways Code §36632(a) to levy assessment based on the estimated benefit that these
19 properties would receive from SPBID services and improvements.

20 62. Plaintiff is entitled to a Writ of Mandate commanding that Defendants modify
21 SPBID to exempt Harbor Tower from any and all SPBID assessments on the ground that
22 Defendants failed to comply with the requirements of Streets and Highways Code §36632(a) to
23 levy assessments against Harbor Tower based on the estimated benefit that these residential
24 properties would receive from SPBID services and improvements.

25 63. Plaintiff is entitled to a Declaration that Defendants failed to comply with the
26 requirements of Streets and Highways Code §36632(a) to levy assessments against Harbor
27 Tower based on the estimated benefit that these residential properties would receive from
28 SPBID's services and improvements.

1 64. Plaintiff is entitled to an order enjoining Defendants from collecting assessments,
2 fees, and/or special taxes associated with SPBID from Plaintiff, or any other property owner to
3 be assessed under SPBID, on the ground that Defendants failed to comply with the requirements
4 of Streets and Highways Code §36632(a) to levy assessments against Harbor Tower based on the
5 estimated benefit that these residential properties would receive from SPBID services and
6 improvements.

7 65. Plaintiff is entitled to attorney's fees pursuant to Code of Civil Procedure §1021.5
8 because the requirements of Article XIII D of the California Constitution and the Streets and
9 Highways Code, which the instant Complaint seeks to enforce, constitute important rights
10 affecting the public interest under Code of Civil Procedure §1021.5.

11 **FOURTH CAUSE OF ACTION**

12 **Declaratory Relief re Enforceability of Settlement Agreement**

13 **(Against the City of Los Angeles)**

14 66. Plaintiff hereby repeats and realleges Paragraphs 1 through 65 of this Complaint
15 as though set forth in full at this point.

16 67. In order to settle Case No. BS140224, Plaintiff and the City entered into an
17 agreement in September 2013, the Settlement Agreement, in which Plaintiff agreed to pay
18 SPBID assessments and the City agreed to reimburse Plaintiff for those payments. Paragraph 5
19 of the Settlement Agreement provides as follows:

20 In order to resolve the matters raised and described in the Litigation, the City will
21 undertake to make Mesa LP whole for those assessments made by the SPBID
22 against the property owned by Mesa LP at the time of the formation of the
23 SPBID, whether already paid or yet to be paid, as described in the Petition. For
24 so long as Mesa LP remains the owner of this property, and the SPBID continues
in its current formulation, the City will remit to Mesa LP an amount sufficient to
satisfy the amounts paid by Mesa LP to the SPBID as part of assessments set forth
in the Engineer's Report and the Management Plan.

25 68. Plaintiff remains the owner of the properties subject to the Settlement Agreement,
26 SPBID is continuing "in its current formulation," and the Settlement Agreement is enforceable
27 against the City.

28 69. SPBID is continuing in its current formulation because the boundaries of the

1 renewed SPBID (which term is to commence on January 1, 2018 and expire on December 31,
2 2027) basically mirror the boundaries of the expiring SPBID (which term was from January 1,
3 2013 to December 31, 2017), with the exception of an additional 15 Los Angeles Harbor
4 Department waterline fronting parcels.

5 70. SPBID is continuing in its current formulation because the services provided by
6 the renewed SPBID basically mirror the services of the expiring SPBID, with the exception of
7 the homeless service coordination described in the Engineer's Report for the expiring term of
8 SPBID.

9 71. On Plaintiff's information and belief, the OA has administered SPBID since it
10 was originally established in 2007, overseeing expenditures, and managing and implementing the
11 District's improvements and activities.

12 72. On Plaintiff's information and belief, the OA will continue to administer, oversee,
13 implement, and manage SPBID and SPBID's services. In other words, the administration of
14 SPBID remains unchanged by the renewal.

15 73. Streets and Highways Code Section 36622(h) restricts new assessment districts to
16 a maximum term of five years and Sections 36622(h) and 36660 restrict *renewed* assessment
17 districts to a maximum term of ten years. Despite undertaking a renewal for a new term, SPBID
18 is continuing in its current formulation.

19 74. An actual controversy exists as to the proper interpretation of the Settlement
20 Agreement.

21 75. Plaintiff is entitled to a Declaration that the Settlement Agreement continues in
22 effect and is enforceable against the City.

23 76. Plaintiff is entitled to reasonable attorney's fees and costs incurred to enforce the
24 Settlement Agreement, pursuant to Civil Code §1717, because the Settlement Agreement
25 contains an Attorney's Fees provision, which provides that "[t]he prevailing party in any
26 proceedings arising under this Agreement shall be entitled to recover its attorney's fees and
27 costs."

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1 **FIFTH CAUSE OF ACTION**

2 **Failure to Recognize Tax Exempt Nonprofit Status**

3 **(Revenue & Taxation Code § 214, 26 U.S.C. § 501)**

4 **(Against All Defendants)**

5 77. Plaintiff hereby repeats and realleges Paragraphs 1 through 76 of this Complaint
6 as though set forth in full at this point.

7 78. As a qualifying charitable nonprofit organization under Revenue & Taxation
8 Code §214 and 26 U.S.C. §501, Plaintiff is exempt from property taxes and certain fees and
9 assessments.

10 79. Plaintiff is actually using Harbor Tower in a manner consistent with its status as a
11 charitable nonprofit entity providing housing and services to low-income seniors.

12 80. Despite Plaintiff's tax exempt status, the City has adopted SPBID, which seeks to
13 assess, levy and collect property taxes, assessments, and other taxes and fees against Plaintiff in
14 violation of their tax exempt status.

15 81. Plaintiff is entitled to a Writ of Mandate commanding Defendants to modify
16 SPBID to exempt Harbor Tower from any and all SPBID taxes, fees, or assessments due to
17 Plaintiff's tax exempt status.

18 82. Plaintiff is entitled to a Declaration that Harbor Tower is exempt from any and all
19 SPBID taxes, fees, or assessments due to Plaintiff's tax exempt status.

20 83. Plaintiff is entitled to an order enjoining Defendants from collecting assessments,
21 fees, and/or special taxes associated with SPBID from Plaintiff because Harbor Tower is exempt
22 from any and all SPBID taxes, fees, or assessments due to Plaintiff's tax exempt status.

23 84. Plaintiff is entitled to attorney's fees pursuant to Code of Civil Procedure §1021.5
24 because recognition of Plaintiff's tax exempt status under Revenue & Taxation Code §214 and
25 26 U.S.C. §501, which the instant Complaint seeks to enforce, constitutes an important right
26 affecting the public interest under Code of Civil Procedure §1021.5.

27 WHEREFORE, Plaintiff prays judgment against Defendants as follows:

28 1. For issuance of a peremptory writ of mandate pursuant to Code of Civil Procedure

1 §1085 commanding the Defendants, and each of them, to exempt Harbor Tower from any and all
2 assessments, fees, and/or special taxes associated with SPBID because Defendants failed to
3 comply with the applicable provisions of the Constitution of the State of California and/or the
4 Streets and Highways Code and/or failed to recognize Plaintiff's tax exempt nonprofit status;

5 2. Alternatively, for a declaration that SPBID is invalid as to Harbor Tower because
6 Defendants failed to comply with the applicable provisions of the Constitution of the State of
7 California and/or the Streets and Highways Code, and/or failed to recognize Plaintiff's tax
8 exempt nonprofit status;

9 3. For a declaration that SPBID is invalid in its entirety because Defendants failed to
10 comply with the applicable provisions of the Constitution of the State of California and/or the
11 Streets and Highways Code and/or failed to recognize the nonprofit status of property owners;

12 4. For a declaration that the Settlement Agreement entered into by and between the
13 City and Plaintiff in September 2013 continues in effect and is enforceable against the City;

14 5. For an Order enjoining Defendants from collecting assessments, fees, and/or
15 special taxes associated with SPBID, from spending proceeds from those assessments and
16 special taxes, and from making use of the proceeds of the assessments and special taxes except to
17 refund those proceeds to property owners with interest because Defendants failed to comply with
18 the applicable provisions of the Constitution of the State of California and/or the Streets and
19 Highways Code and/or failed to recognize Plaintiff's tax exempt nonprofit status;

20 6. For costs of suit;

21 7. For attorney's fees pursuant to Code of Civil Procedure §1021.5;

22 8. For attorney's fees and costs pursuant to Civil Code §1717; and

23 9. For such other relief as the court may deem proper.

24
25 DATED: July 25, 2017

REUBEN RAUCHER & BLUM

26
27 By: 
28 Stephen L. Raucher
Attorneys for Plaintiff/Petitioner

VERIFICATION

I, Deborah Stouff, am the Vice President of Corporate Records and Corporate Secretary for Retirement Housing Foundation and am authorized to make this verification on behalf of Plaintiff. I have read the foregoing **PETITION FOR PEREMPTORY WRIT OF MANDATE AND COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF** and know its contents. I am informed and believe and on that ground allege that the matters stated in the foregoing document are true. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on July 25, 2017 in Los Angeles, California.



Deborah Stouff